

**ROCKVILLE/SPRINGDALE
FIRE PROTECTION DISTRICT**

Year Ended December 31, 2005

Financial Statements

A COMPONENT UNIT OF WASHINGTON COUNTY, UTAH

**ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT
A COMPONENT UNIT OF WASHINGTON COUNTY, UTAH**

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Independent Auditors' Report

Executive Director and Members of the Board
Rockville/Springdale Fire Protection District
Springdale, Utah 84767

We have audited the accompanying financial statements of the Rockville/Springdale Fire Protection District (the District), a component unit of Washington County, as of and for the year ended December 31, 2005, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2005, and the changes in its financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 7 are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2006, on our consideration of the District's internal control structure and on its compliance with laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The other supplementary data listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been

subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Savage Esplin & Radmall, PC

Savage, Esplin & Radmall, PC

June 6, 2006

ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS 2005

As management of the Rockville/Springdale Fire Protection District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the independent Auditor's report.

History and Background of District

The Rockville/Springdale Fire Protection District was established under state statutes as a Special Service District in 1983 with the authority to levy taxes, assessments and issue bonds to provide fire protection to the incorporated towns of Rockville and Springdale. In 1994 the District acquired a 2% loan from the Permanent Community Impact Board to purchase property, construct a firehouse and purchase fire equipment. This loan which was scheduled to retire in 2013 was paid off in October 2005. The District instituted a Standby Fee to be assessed all property owners in the District to pay this loan and assist in the operating expenditures of the District. In 1995 the District's resolution of creation was amended to add the ability to provide health services. In 2000 the District acquired an ambulance service from the Town of Springdale. At that time, the town of Springdale instituted a 1% Transient Room Tax and those funds were forwarded to the District to assist with the cost of operating the ambulance service. The Town of Rockville already had a 1% Innkeepers tax and the council approved forwarding 100% of the tax collected to the fire district. In September 2005, the District entered into a new agreement with the Town of Springdale whereby only 85% of the 1% transient room tax was forwarded to the District to assist with the cost of operating the ambulance service. Also, the District increased the Standby Fee to developed property by 1/3 to assist with the cost of operating the ambulance service.

The District is controlled by a Five-member Board of Directors. Three are elected at large from the incorporated towns of Rockville and Springdale and two are appointed, one from each town. Board members serve four-year terms.

The District provides fire protection and paramedic ambulance service to the incorporated towns of Rockville (population 250) and Springdale (population 450). The District also has agreements with Zion National Park and the Bureau of Land Management for firefighting assistance and with Zion National Park and the City of Hurricane for ambulance assistance.

As of December 31, 2005, the District currently had five fire fighting vehicles, one ambulance, and one first responder. There were twelve volunteer firefighters, 19 ambulance personnel, a Fire Chief and a District Clerk.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$774,642 (total net assets). Of this amount, \$160,013 (unrestricted net assets) may be used to meet the District's ongoing obligations to citizens.
- The District's total net assets increased by \$41,256. This increase is attributable to an increase in revenue from the 1% Transient Room Tax and an increase in the Standby Fee due to increased property values, which are due in part to new development. The increased income helped offset the increase in wages.
- At the end of the current fiscal year, unrestricted net assets were \$160,013, or 58 percent of total fund expenditures.
- The District's total debt decreased by \$232,000 during the current fiscal year. This was due to the

ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS 2005

Pay-off of the bond due the Permanent Community Impact Board.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's financial statements. The District's financial statements are comprised of two components: 1) financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the financial statements themselves.

Proprietary funds. The District maintains one type of proprietary fund, an enterprise fund. The *Enterprise fund* is used to report the same functions presented as *business-type activities* in government-wide financial statements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also represents certain supplementary information concerning the District budget's actual amounts and requirements of the revenue bonds series 1993.

Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$774,642 at the close of the most recent fiscal year.

Of the District's net assets (58%) reflects its investment in capital assets (e.g., land, building, equipment, and vehicles). The District uses these capital assets to provide services to citizens and the approximate 3,000,000 tourists who visit Zion National Park and the area annually; consequently, these assets are *not* available for future spending.

ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT'S NET ASSETS

	<u>2005</u>	<u>2004</u>
Current and other assets	202,927	328,698
Restricted assets	162,691	262,362
Capital assets	451,938	417,778
Total assets	<u>817,556</u>	<u>1,008,838</u>
Long-term liabilities outstanding	-	232,000
Other liabilities	42,914	43,452
Total liabilities	<u>42,914</u>	<u>275,452</u>
Invested in capital assets, net of related debt	451,938	185,778
Restricted	162,691	262,362
Unrestricted	160,013	285,246
Total net assets	<u>774,642</u>	<u>733,386</u>

ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS 2005

At the end of the current year, the District is able to report positive balances in all three categories of net assets. The same situation held true for the prior year. There was a decrease of \$99,671 in restricted net assets reported in connection with the District's activities. The majority of the decrease resulted from the purchase of a 1994 Freightliner Fire Truck and the payoff of the CIB Revenue Bond.

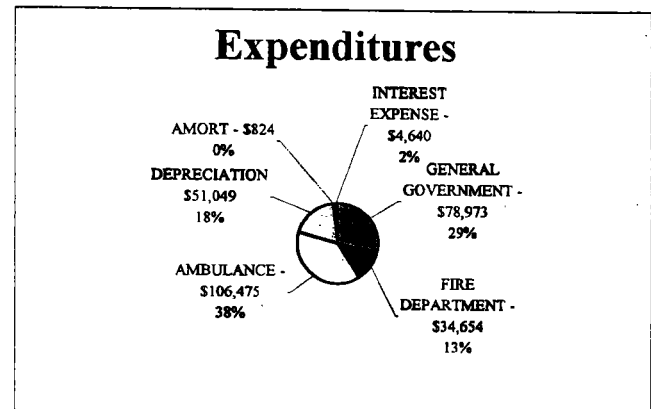
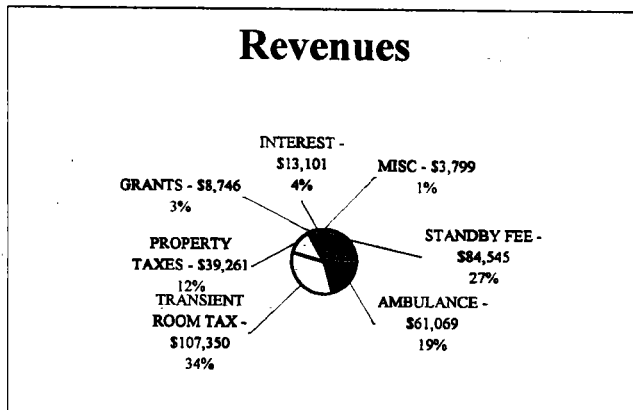
The District's net assets increased by \$41,256 during the current fiscal year. This increase was a result of an increase in development/property values, which resulted in an increase in property taxes and standby fee assessments, and an increase in ambulance revenues. The District also had a decrease in expenditures of \$15,384.

Governmental activities. Key elements of the growth of net assets are as follows:

	<u>2005</u>	<u>2004</u>
Revenues:		
Program revenues:		
Charges for services		
Standby Fee	84,545	81,782
Ambulance	61,069	43,597
Transient Room Tax	107,350	117,528
General revenues:		
Property Taxes	39,261	35,571
Grants	8,746	3,319
Interest	13,101	9,112
Miscellaneous	<u>3,799</u>	<u>2,382</u>
Total revenues	317,871	293,291
Expenses:		
Administration	78,973	70,595
Fire Department	34,654	32,306
Ambulance	106,475	123,639
Depreciation	51,049	59,535
Amortization	824	824
Interest Expense	<u>4,640</u>	<u>5,100</u>
Total expenses	<u>276,615</u>	<u>291,999</u>
Increase in net assets	41,256	1,292
Net assets - Beginning	<u>733,386</u>	<u>732,082</u>
Net assets - Ending	774,642	733,386

- Property taxes increased by \$3,690 (10.37 percent) during the year. Most of this increase is the product of additional development within the District's boundaries and increased property values.
- Charges for standby fees increased by \$3,763 (4.6 percent) during the year. This increase is the product of additional development within the District's boundaries and the collection of past-due standby fee accounts.
- Charges for ambulance services increased by about 40.08 percent. The increase is attributable to accounting corrections regarding receivables, fewer write-offs overall and an increase in ambulance use.
- Investment earnings increased by \$3,989 because of increases in interest rates and a larger carrying amount for much of the year.

ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT **MANAGEMENT'S DISCUSSION AND ANALYSIS** **2005**



For the most part, the overall decrease in expenses was due to reductions in ambulance expenditures.

Financial Analysis of the District

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets as of December 31, 2005, amounts to \$451,938 (net of accumulated depreciation). This investment in capital assets includes land, which is \$85,130. The total increase in the District's investment in capital assets for the current fiscal year was eight percent. Major capital asset events during the current fiscal year included the following:

- Purchase of a 1994 Freightliner Fire Truck
- Purchases of miscellaneous equipment for the ambulance service

ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT'S **CAPITAL ASSETS**

	<u>2005</u>	<u>2004</u>
Land and improvements	103,049	103,049
Building improvements	245,406	245,406
Furniture and fixtures	4,468	4,468
Vehicles	374,735	294,735
Equipment	216,935	211,725
Accumulated depreciation	(492,655)	(441,605)
Total	<u>451,938</u>	<u>417,778</u>

**ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
2005**

Long-term debt. At the end of the current fiscal year, the District had total bonded debt outstanding of \$0. For 2004 it was 232,000. This total amount is revenue bond debt.

Rockville/Springdale Fire Protection District's Outstanding Debt		
	<u>2005</u>	<u>2004</u>
Revenue Bond	-	232,000

In November of 1993 the District issued \$400,000 of revenue bonds to finance the purchase of property, construction of a firehouse and purchase of fire equipment.

The District paid the CIB Bonds off in October 2005.

The District held \$162,691 in reserves at the end of the current fiscal year. The reserve funds are maintained to provide liquid assets for funding repairs and the replacement of outdated equipment of the District. Lack of repairs or replacement of outdated equipment could potentially affect the District's ability to provide service to its residents and tourists and potentially cause danger to its firefighters and/or cause a liability in regards to medical care.

Reserve and Fee Structure

The District's Standby Fee was increased by 1/3 in January of 2000 and property tax rates have not been raised since the District's creation.

Planned Future Capital Improvements

The District is still looking into the construction of a fire substation in Rockville. The present fire station is in Springdale.

Requests for information

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Rockville/Springdale Fire Protection District, ATTN: District Clerk, P.O. Box 159, Springdale, UT 84767.

ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT
(A Component Unit of Washington County, Utah)
Statement of Net Assets - Proprietary Fund
As of December 31, 2005

	Enterprise Fund Fire Protection & <u>Ambulance Service</u>
Assets:	
Current Assets	
Cash	\$ 113,624
Receivables (net of allowance)	24,404
Due from other governments	54,327
Prepaid insurance	3,980
Total Current Assets	196,335
Non-Current Assets	
Restricted cash	162,691
Capital Assets	
Land	85,130
Land Improvements	17,919
Building Improvements	245,406
Furniture and Fixtures	4,468
Equipment	216,935
Vehicles	374,735
Accumulated depreciation	(492,655)
Total Capital Assets	451,938
Other Assets	
Unamortized bond issue costs	6,592
Total Non-Current Assets	621,221
Total Assets	\$ 817,556
Liabilities:	
Current Liabilities	
Accrued liabilities	\$ 1,091
Unearned revenues	41,823
Total Current Liabilities	42,914
Non-Current Liabilities	
Due within one year	0
Due in more than one year	0
Total Non-Current Liabilities	0
Total Liabilities	\$ 42,914
Net Assets:	
Invested in Capital Assets, net of related debt	\$ 451,938
Restricted for:	
Bond	0
Renewal and Replacement	162,691
Unrestricted	160,013
Total Net Assets	\$ 774,642
Total Liabilities and Fund Equity	\$ 817,556

See accompanying notes and accountants' report.

ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT
(A Component Unit of Washington County, Utah)
Statement of Revenues, Expenses and Changes in
Net Assets - Proprietary Fund
Year Ended December 31, 2005

	Enterprise Fund
	Fire Protection &
	<u>Ambulance Service</u>
Operating Revenues	
Standby Fees - Fire	84,545
Charges for Services - Ambulance	61,069
Miscellaneous	<u>3,799</u>
Total Operating Revenues	149,413
Operating Expenses	
Administrative	78,973
Fire Department	34,654
Ambulance Department	106,475
Depreciation	51,049
Amortization	<u>824</u>
Total Operating Expenses	<u>271,975</u>
Operating Loss	<u>(122,562)</u>
Non-Operating Revenue/(Expense)	
Property Taxes	39,261
1% Room Tax	107,350
Interest Income	13,101
Grants	8,746
Interest Expense	<u>(4,640)</u>
Total Non-Operating Revenue/(Expense)	<u>163,818</u>
Change in Net Assets	41,256
Total Net Assets - Beginning	<u>733,386</u>
Total Net Assets - Ending	<u><u>\$ 774,642</u></u>

See accompanying notes and accountants' report.

ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT
 (A Component Unit of Washington County, Utah)
 Statement of Cash Flows
 Proprietary Fund
 As of December 31, 2005

Cash Flows From Operating Activities

Cash received from customers, service fees	\$ 137,040
Cash paid to suppliers	(80,767)
Cash paid to employees	<u>(141,248)</u>
Net Cash (Used)/Provided by Operating Activities	(84,975)

Cash Flows From Noncapital Financing Activities

Property taxes	36,796
1% Room tax	<u>108,289</u>
Net Cash Provided by Noncapital Financing Activities	145,085

Cash Flows From Capital and Related Financing Activities

Acquisition of capital assets	(85,210)
Grants and other contributed capital	8,746
Payments on long-term debt and other financing	(232,000)
Interest paid	<u>(4,640)</u>
Net Cash Used by Capital and Related Financing Activities	(313,104)

Cash Flows From Investing Activities

Interest on investments	<u>13,101</u>
Net Increase in Cash and Cash Equivalents	(239,893)

Cash and cash equivalents at beginning of year	<u>516,208</u>
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Cash and Cash Equivalents at End of Year	<u><u>\$ 276,315</u></u>
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ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT
(A Component Unit of Washington County, Utah)
Statement of Cash Flows (Continued)
Enterprise Fund
As of December 31, 2005

Reconciliation of operating income to net cash provided by
operating activities:

Net Income from Operations	\$ (122,562)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	51,049
Amortization	824
Changes in operating assets and liabilities:	
(Increase)/Decrease in receivables	(13,748)
Increase/(Decrease) in accrued liabilities	(1,914)
Increase/(Decrease) in unearned revenues	1,376
Net Cash Used From Operating Activities	<u><u>\$ (84,975)</u></u>

See accompanying notes and accountants' report.

**ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT
A COMPONENT UNIT OF WASHINGTON COUNTY, UTAH**

**Notes to the Financial Statements
December 31, 2005**

The accounting and reporting policies of the Rockville/Springdale Fire Protection District (The District) conform with generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant policies.

Reporting Entity

The District was organized as a Special Service District pursuant to the provisions of the Utah Special Service District Act, Utah Code Annotated, Sections 11-23-1 to -29 (1953) as amended, and Article XIV, Section 8 of the Utah State Constitution on February 28, 1983, by the Washington County Commission to provide fire protection for the communities of Rockville and Springdale. As of June 1, 2000, the District also began providing ambulance service in accordance with resolutions adopted by Washington County and the Towns of Rockville and Springdale. The accompanying financial statements include all activities of the District, which is a component unit of Washington County. There are not other agencies or component units that should be associated with these financial statements.

Basis of Presentation – Fund Accounting

The accounts of the District are arranged on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, net assets, revenues and expenses. The District has only one fund, which is an enterprise fund. The District's operation fund is an enterprise fund because the users are charged a fee for the services provided.

Basis of Accounting

Fund Financial Statements – Fund financial statements report detailed information about the District. The focus of financial statements is on major funds rather than on reporting funds by type. Each major fund is presented in a separate column. The only fund of the District is an enterprise fund. Revenues and expenses are recognized using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred. The District applies all applicable FASB pronouncements issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

Budgets and Budgetary Accounting

Annual budgets are prepared and adopted by the Board on or before December 31 for the next calendar year in accordance with State law. The operating budget includes proposed

**ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT
A COMPONENT UNIT OF WASHINGTON COUNTY, UTAH**

Notes to the Financial Statements

December 31, 2005

expenditures and the proposed sources of financing for such expenditures. Prior to the adoption of the final budget, a public hearing is conducted to obtain taxpayer input. Budgets are adopted and control of budget appropriations is exercised under State law, at the department level. Budget amendments are required to increase expenditure budgets. The Enterprise Fund budget is prepared using the accrual basis of accounting.

Encumbrances

The District does not employ encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

Compensated Absences

There are no accruals for accumulated sick and vacation, as the District currently does not offer such benefits to any of its employees.

Taxes

Property taxes are collected by the Washington County Treasurer and remitted to the District in three installments in August, December and January. Taxes are levied each October on the taxable value listed as of the prior January 1 for all real property located in the District. Taxable values are established by the County Assessor at 55% of the fair market value on primary residential property and 100% of the fair market value on non-primary residential property. A revaluation of all property is required to be completed no less than every five years. Taxes are due and payable on November 1 and delinquent after November 30 of each year, at which time they become liens if not paid. An accrual for uncollected current and prior year's property taxes has been recorded based on subsequent receipts within sixty days of year end and are included in the amount due from other governments on the balance sheet.

Estimates

Generally accepted accounting principles require management to make estimates and assumptions that affect assets and liabilities, contingent assets and liabilities, and revenues and expenditures. Actual results could differ from those estimates.

Net Assets

Net assets is the difference between asset and liabilities. Net assets invested in capital assets, net of related debt are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction, or improvement of those assets. Net assets are

**ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT
A COMPONENT UNIT OF WASHINGTON COUNTY, UTAH**

Notes to the Financial Statements

December 31, 2005

reported as restricted when there are legal limitations imposed on their use by District legislation or external restrictions by other governments, creditors, or grantors.

The District's policy is to first apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. Fixed assets used in the operation of the District, along with the associated debt, are included in the District operation fund, which is a proprietary fund.

The assets associated directly with the operation of the Fire District are capitalized at their cost. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

	<u>Useful Life</u>
Building and Improvements	40 years
Equipment	5-10 years
Furniture and Fixtures	3-7 years
Vehicles	5-10 years
Land	Not Deprec

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. Interest incurred during the construction phase net of interest earnings on invested proceeds is deemed immaterial and has not been included in the capitalized values of assets constructed.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. The District's capitalization threshold is \$400.

**ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT
A COMPONENT UNIT OF WASHINGTON COUNTY, UTAH**

Notes to the Financial Statements

December 31, 2005

Revenue

The District defines operating revenues as those revenues that the District receives directly from those people to whom they provide the service. For example, fire standby fees and charges for ambulance service would be considered operating revenues. All other revenues that do not qualify as operating revenues are considered non-operating revenues.

Inventory

The District's inventory of materials and supplies is deemed to be immaterial; thus, no provision for inventory has been made in these financial statements.

Risk Management

The District maintains insurance for general liability, auto liability, employee dishonesty and worker's compensation through the Utah Local Government's Insurance Trust, and Western Surety, respectively.

NOTE 2. Cash and Investments

The District maintains a cash and investment pool that includes one cash account and one investment account, which is available for use by all funds.

The District's deposit and investment policy is to follow the Utah Money Management Act. However, the District does not have a separate deposit or investment policy that addresses specific types of deposit and investment risks to which the District is exposed.

Utah State law requires that District funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. "Qualified depository" includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize the risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

The Utah Money Management Act also governs the scope of securities allowed as appropriate temporary investments for the District and conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

**ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT
A COMPONENT UNIT OF WASHINGTON COUNTY, UTAH**

**Notes to the Financial Statements
December 31, 2005**

As of December 31, 2005, the District had the following deposits and investments:

<u>Deposits and Investment Type</u>	<u>Fair Value</u>
Cash on Deposit	\$ 15,722
State Treasurer's Investment Pool	<u>261,365</u>
	<u>\$277,087</u>

Interest rate risk. The District manages its exposure to declines in fair value by only investing in the Utah Public Treasurer's Investment Fund.

Credit risk. As of December 31, 2005, the Utah Public Treasurer's Investment Fund was unrated.

Concentration of Credit Risk. The District's investment in the Utah Public Treasurer's Investment Fund has no concentration of credit risk.

Custodial Credit Risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure the District's deposits may not be returned to it. As of December 31, 2005 none of the \$15,722 of deposits was exposed to custodial credit risk.

Custodial Credit Risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments that are in possession of an outside party. The District's investment in the Utah Public Treasurer's Investment Fund has no custodial credit risk.

NOTE 3. Receivables

Receivables consisted of the following at December 31, 2005:

Service Receivables - Fire	\$ 6,664
Service Receivables - Ambulance	29,274
Less Allowance	<u>(13,424)</u>
Total	<u>\$ 22,514</u>

**ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT
A COMPONENT UNIT OF WASHINGTON COUNTY, UTAH**

**Notes to the Financial Statements
December 31, 2005**

NOTE 4. Due From Other Governments

Due from other governments represents \$13,336 property tax revenues due from Washington County and \$40,991 for 1% transient room tax revenue due from the Towns of Springdale and Rockville respectively.

NOTE 5. Fixed Assets

The following table summaries the changes to fixed assets during the year ended December 31, 2005.

	Balance 12/31/04	Additions	Deletions	Balance 12/31/05
Furniture & Fixtures	\$ 4,468			\$ 4,468
Equipment - District	1,780			1,780
Equipment - Fire	155,520	490		156,010
Equipment - Ambulance	54,425	4,720		59,145
Vehicles - Fire	196,699	80,000		276,699
Vehicles - Ambulance	98,036			98,036
Buildings & Improvements	245,406			245,406
Land	85,130			85,130
Land Improvements	17,919			17,919
Total	<u>\$ 859,383</u>	<u>\$ 85,210</u>	<u>\$ -</u>	<u>\$ 944,593</u>
Accumulated Depreciation	<u>(441,605)</u>	<u>(51,050)</u>		<u>(492,655)</u>

NOTE 6. Unearned Revenues

Unearned revenues in the amount of \$41,823 represent prepaid fire protection service revenue.

**ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT
A COMPONENT UNIT OF WASHINGTON COUNTY, UTAH**

Notes to the Financial Statements

December 31, 2005

NOTE 7. Reserved and Designated Fund Balances

Reserves and designations are used to indicate that a portion of the fund balance is not available for appropriation or expenditure, or is legally segregated for a specific future use. The reserved and designated fund balances are as follows:

	<u>Balance at 12/31/05</u>
CIB Bond Reserve Accounts	
(1) Bond Account	\$ -
(2) Reserve Account	-
District Designated for Repair and Replacement	162,691
Total	<u>\$ 162,691</u>

NOTE 8. Contributed Capital

The changes in contributed capital accounts are as follows:

<u>Description</u>	<u>Balance 12/31/04</u>	<u>Contributions (Depreciation)</u>	<u>Balance 12/31/05</u>
Town of Springdale (a)	\$ 122,614	\$ -	\$ 122,614
Capital Grants (b)	130,565	-	130,565
Other (c)	24,556	-	24,556
Less Depreciation	(157,530)	(37,953)	(195,483)
Net Contributed Capital	<u>\$ 120,205</u>	<u>\$ (37,953)</u>	<u>\$ 82,252</u>

- (a) During 2000, the District received \$50,223 on contributed capital from the Town of Springdale, which represents its ambulance and associated equipment. This District also received \$72,391 in cash contributions from the Town of Springdale that were restricted for the acquisition of vehicles and equipment.
- (b) During 2000, the District received \$121,356 in State grants that were restricted for the purchase of vehicles and equipment. In 2001 and 2002, the District received \$4,347 and \$4,862 respectively, of such grants.
- (c) Previously, the District received \$18,120 in donated equipment from various other entities.

**ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT
A COMPONENT UNIT OF WASHINGTON COUNTY, UTAH**

Notes to the Financial Statements

December 31, 2005

NOTE 9. Contracts

In May 2000, the District and the Town of Springdale entered into a contract whereby the District would provide ambulance service to the Town. In doing so, the Town transferred title and ownership of its ambulance and associated equipment to the District. Subject to the Town's annual budget, Springdale has designated its 1% transient room tax revenues as appropriations for emergency services. In addition, subject to annual budget, the Town had agreed to pay \$20,000 per year for five years to the District. In December of 2002, a final agreement was reached in which the Town would continue to designate its 1% transient room tax revenues to the District and also paid the District \$22,000 as a final payment and settlement for the yearly payments. In September 2005, the contract was amended with the Town of Springdale whereby the District will receive 85% of the Town's 1% transient room tax as appropriations for emergency services.

NOTE 10. Dependency

The District is dependant on Springdale to continue to allocate and remit the funds from the 1% transient room tax to the District.

SUPPLEMENTARY DATA

ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT
(A Component Unit of Washington County, Utah)

Supplementary Schedule
Detail of Department Expenditures
Year Ended December 31, 2005

Operating Expenses

Administrative

Office Expense	\$ 3,263
Legal & Professional Fees	4,990
Insurance	9,113
Wages and Taxes	52,071
Travel & Training	229
Building Supplies & Maintenance	3,786
Miscellaneous	658
Utilities	4,863

Total Administrative 78,973

Fire Department

Insurance	2,318
Truck Fuel, Repairs & Maintenance	3,213
Miscellaneous	408
Reimbursement Wages	23,582
Uniforms	194
Firefighting Supplies	4,939

Total Fire Department 34,654

Ambulance Department

Office Expense	657
Education & Training	2,563
Equipment Supplies & Maintenance	7,001
Insurance	718
Miscellaneous	-
Outside Paramedics & EMTs	-
Professional & Technical Services	4,739
Telephone	289
Travel Reimbursement	1,264
Truck Fuel, Repairs & Maintenance	1,980
Uniforms	-
Wages and Taxes	87,264

Total Ambulance Department \$ 106,475

See accompanying notes and accountants' report.

ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT
A COMPONENT UNIT OF WASHINGTON COUNTY, UTAH
Supplementary Information
December 31, 2005

Additional disclosures required by the resolution are:

- b. Insurance coverage in effect December 31, 2005:

<u>Type</u>	<u>Policy Number</u>	<u>Effective</u>	<u>Expires</u>	<u>Limits</u>
Coverage with Utah Local Governments Insurance Trust:				
Comprehensive General				
Liability	13240-GL2005	4/13/2005	4/13/2006	\$ 2,000,000
Automobile Liability	13240-GL2005	4/13/2005	4/13/2006	\$ 2,000,000
Uninsured Motorist	UIM-135	4/13/2005	4/13/2006	\$ 65,000
Underinsured Motorist	UIM-125	4/13/2005	4/13/2006	\$ 50,000
Property Coverage	PX809764	7/1/2005	7/1/2006	\$ 470,321
Employee Blanket Bond	69977355	9/20/2005	9/20/2006	\$ 40,000
Treasurer's Bond	69980791	9/23/2005	9/23/2006	\$ 32,000

- c. Standby Fee Schedule

The entire standby fee schedule is on the following page.

**ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT
A COMPONENT UNIT OF WASHINGTON COUNTY, UTAH**

Supplementary Information

December 31, 2005

STANDBY FEE SCHEDULE

RESIDENCE with up to 2 acres of ground	\$ 95.76
Less than 1,000 sq. ft. of living space	63.84

UNIMPROVED LAND – Combined contiguous parcels

Less than 2 acres	15.00
2-5 acres	20.04
6-10 acres	24.96
11-20 acres	30.00
21-50 acres	39.96
Over 50 acres	60.00

COMMERCIAL

Buildings with multiple occupancy to be rated at highest use. Home Occupation fees are to be determined by the allowed square footage for use per the Home Occupation conditions.

Class A (high hazard or impact)

Service Stations (no other facility) - \$399.00 plus \$33.25 per pump unit and \$133.00 per propane dispenser per year.

Restaurants, food markets, telecommunications stations, high hazard home occupation, and high hazard manufacturing.

Less than 1,000 sq. ft.	287.28
1,000-2,500 sq. ft.	367.08
2,501-5,000 sq. ft.	606.48
5,001-10,000 sq. ft.	718.20
10,001-15,000 sq. ft.	1,197.00
Over 15,000 sq. ft. is 13 cents per sq. ft.	

Motels - \$200.00 plus \$12.00 per guest room per year.

Class B (moderate hazard)

Gift shops, clothing stores, kitchenless eating places, rock shops, greenhouses, assembly halls with capacity over 100, low hazard manufacturing, and similar activities operating as home occupations.

Less than 750 sq. ft.	175.56
750-2,500 sq. ft.	287.28
2,501-5,000 sq. ft.	414.96
5,001-7,500 sq. ft.	606.48
7,501-10,000 sq. ft.	690.27
10,001-15,000 sq. ft.	929.67
Over 15,000 sq. ft. is 11 cents per sq. ft.	

Bed & Breakfasts - \$150.00 plus \$12.00 per guest room per year.

Class C (lower hazard)

Office space, bank, assembly hall under 100 capacity, art gallery, historical sites, and similar activities operated as home occupations.

Less than 750 sq. ft.	111.72
750-2,500 sq. ft.	239.40
2,501-4,500 sq. ft.	287.28
Over 4,500 sq. ft. is 8 cents per sq. ft.	

**Independent Auditor's Report on Compliance with
Laws and Regulations and on Internal Control over
Financial Reporting Based on an Audit of General Purpose
Financial Statements Performed in Accordance
with *Government Auditing Standards***

Members of the Board
Rockville/Springdale Fire Protection District
Springdale, Utah 84767

We have audited the financial statements of Rockville/Springdale Fire Protection District, as of and for the year ended December 31, 2005, and have issued our report thereon dated June 6, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Rockville/Springdale Fire Protection District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving internal control over financial reporting, which we have reported to management of the Rockville/Springdale Fire Protection District in the accompanying management letter dated June 6, 2006.

Compliance

As part of obtaining reasonable assurance about whether Rockville/Springdale Fire Protection District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Independent Auditor's Report on Compliance with
Laws and Regulations and on Internal Control over
Financial Reporting Based on an Audit of General Purpose
Financial Statements Performed in Accordance
with *Government Auditing Standards***

However, we noted certain immaterial instances of noncompliance, which we have reported to management of Rockville/Springdale Fire Protection District in a separate letter dated June 6, 2006.

This report is intended solely for the information and use of the board of directors, management, others within the organization and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Savage, Esplin & Radmall, PC
June 6, 2006

Independent Auditor's Report on State Legal Compliance

Members of the Board
Rockville/Springdale Fire Protection District
Springdale, Utah 84767

We have audited the financial statements of Rockville/Springdale Fire Protection District (the District) for the year ended December 31, 2005, and have issued our report thereon dated June 6, 2006. The District received the following nonmajor grant which is not required to be audited for specific compliance requirements: (However, this program was subject to testwork as part of the audit of the Rockville/Springdale Fire Protection District's financial Statements.)

Bureau of Emergency Medical Services (Department of Health)

Our audit included testwork on the District's compliance with the following general compliance requirements identified in the State of Utah Legal Compliance Audit Guide:

- Public Debt
- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Truth in Taxation and Property Tax Limitations
- Special Districts
- Other General Compliance Issues

The District did not receive any major State grants during the year ended December 31, 2005.

The management of Rockville/Springdale Fire Protection District is responsible for the District's compliance with the compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, the Rockville/Springdale Fire Protection District complied, in all material respects, with the general compliance requirements identified above for the year ended December 31, 2005.

Savage Esplin & Radmall PC

SAVAGE ESPLIN & RADMALL, PC

June 6, 2006

Findings and Recommendations

Members of the Board
Rockville/Springdale Fire Protection District
Springdale, Utah 84767

Ladies and Gentlemen:

In planning and performing our audit of the general purpose financial statements of Rockville/Springdale Fire Protection District (the District), for the year ended December 31, 2005, we noted a few areas needing corrective action in order for the District to be in compliance with State laws and regulations. We also found a few circumstances that, if improved, would strengthen the District's accounting system and control over its assets. These items are discussed below for your consideration.

State Compliance Findings and Recommendations:

1. Finding – Personnel Policy

Under Section 17A-1-602 of the Utah Code Special Districts are required to have a formal personnel policy and to update it annually.

Recommendation

We recommend that the District review its personnel policy and update it where appropriate on an annual basis.

General Findings and Recommendations:

2. Finding - Segregation of Duties

The District lacks a complete segregation of duties; however, we understand that the size of the District's administrative staff prohibits the complete and proper segregation of duties within its accounting functions. We mention proper segregation to remind management of its importance until such time as the District has the need for additional staff and can fully segregate custody of assets and recording functions. There are mitigating controls in place such as bank reconciliation oversight, board signatures and two signatures requirements for checks and other reviews and approvals.

Recommendation

We recommend that management consider ways that segregation of duties can be achieved within its accounting and administrative functions as the District continues to grow and additional staff are considered necessary.

3. Finding – Anti-Fraud Program and Financial Controls

We noted from inquiry of District personnel that the anti-fraud program and financial controls had not been discussed with district employees. The manual for management of the anti-fraud program and financial controls had not been used for training purposes.

Recommendation

We recommend that the anti-fraud program and financial controls be discussed with District employees and that the manual be used for training purposes.

We also recommend that the District develop a monitoring system to determine if controls put in place at each location are working.

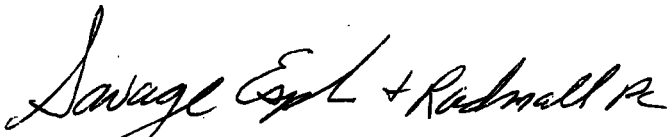
Response

Please respond to the above findings in numerical order so they can be attached with this document and mailed to the State Auditor in accordance with state law.

This report is intended solely for the information and use of the District Board, management, and others with the Utah State Auditor's Office. This restriction is not intended to limit distribution of this report, which is a matter of public record.

It has been a pleasure to be of service to the District this past year. We appreciate the help we have received from the employee who has assisted us in this year's audit. We would encourage you to ask questions of us throughout the year as they arise.

Sincerely,



Savage, Esplin & Radmall, PC
June 6, 2006

ROCKVILLE/SPRINGDALE FIRE PROTECTION DISTRICT

P.O. Box 159

Springdale, UT 84767

Phone – (435) 772-3220 FAX – (435) 772-0992

July 11, 2006

Savage, Esplin & Radmall, PC
435 E Tabernacle, Suite 201
St. George, UT 84770

RE: Reply to Findings and Recommendations Letter for 2005 audit.

State Compliance Findings and Recommendations:

1. **Finding – Personnel Policy**

Under Section 17A-1-602 of the Utah State Code Special Districts are required to have a formal personnel policy and to update it annually.

Recommendation

Recommend the District review its personnel policy and update it where appropriate on an annual basis.

Response

The District began reviewing its Personnel Policies and Procedures during the latter part of 2005 and they were amended in March of 2006. The District will continue to review and amend the Personnel Policies and Procedures on an annual basis or, as necessary.

General Findings and Recommendations:

2. **Finding – Segregation of Duties**

The District lacks a complete segregation of duties; however, we understand that the size of the District's administrative staff prohibits the complete and proper segregation of duties within its accounting functions. We mention proper segregation to remind management of its importance until such time as the District has the need for additional staff and can fully segregate custody of assets and recording functions. There are mitigating controls in place such as bank reconciliation oversight, board signatures and two signatures requirements for checks and other reviews and approvals.

Recommendation

Recommend management consider ways that segregation of duties can be achieved within its accounting and administrative functions as the District continues to grow and additional staff are considered necessary.

Response

As stated in your letter, the District does not have the administrative staff to properly segregate duties. All accounting responsibilities are reviewed by at least two board members and this mitigating control will remain in place until the District has the need for additional staff and can fully segregate custody of assets and recording functions.

3. Finding – Anti-Fraud Programs and Financial Controls

It was noted from inquiry of District personnel that the anti-fraud program and financial controls had not been discussed with district employees. The manual for management of the anti-fraud program and financial controls had not been used for training purposes.

Recommendation

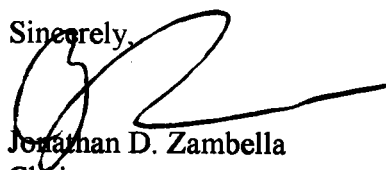
Recommend that the anti-fraud program and financial controls be discussed with District employees and that the manual be used for training purposes.

Also recommend that the District develop a monitoring system to determine if controls put in place at each location are working.

Response

The District's intent is to integrate review of the Anti-Fraud Program with staff and employees during regularly scheduled trainings for both Fire and EMS. The Fire Chief will lead this directive and report progress to the District Board monthly during scheduled meetings. The Board, under the direction of the Chair, will develop an incentive plan with employees and staff to help them see the benefits of safe, secure equipment storage, usage, and maintenance, helping reduce shrinkage and increase the longevity of inventory and equipment.

Sincerely,



Jonathan D. Zambella
Chairman